

# STATE OF RHODE ISLAND

## DIVISION OF TAXATION



### HANDBOOK FOR ELECTRONIC FILERS OF INDIVIDUAL INCOME TAX RETURNS (TAX YEAR 2007)

RI – 1345



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## **PURPOSE**

### **- Introduction**

The Publication RI-1345, (Handbook for Electronic Filers of Individual Income Tax Returns) revision 2008, provides you with the information you need to apply to participate in the Rhode Island Electronic Filing (ELF) Program.

It starts with an overview of the ELF Program, categories of the Electronic Filers; explanations of the application and acceptance processes; a description of electronic returns and how they are filed; and general information an Electronic Filer needs to know to respond to clients' questions.

The RI Division of Taxation will accept electronically transmitted individual income tax refund, balance due or zero balance returns beginning on January 22, 2008 in the Federal/State Electronic Filing Program.

The RI Handbook is to be used in conjunction with the IRS Publication 1345. All rules, regulations, and requirements governing tax prepares, transmitters, and originators of returns put forth by the IRS are in effect for the RI Division of Taxation. The RI Handbook sets forth those items that are specifically unique to the RI Division of Taxation since most functions in the Federal/State Electronic Filing Program are the same.

The RI Division of Taxation requires that all participants be accepted in the Federal program in order to participate in the Federal/State Electronic Filing Program. Since IRS publication 1345 provides detailed instructions on hardware, transmission procedures, policies, etc., that apply to the RI program, it is recommended that all participants study the federal publication prior to reading the RI Handbook.

### **Electronic Filing Calendar - Tax Year 2007**

Tax Return Period. . . . . January 1, 2007 to December 31, 2007

RI Begins to Accept Test Transmissions . . . . . November 15, 2007

Begin Transmitting Live Electronic Returns . . . . . January 22, 2008

Last Date for Timely Filed Returns . . . . . April 15, 2008

**Last Date for Late Filed Returns . . . . . October 18, 2008**

Retention of ACK File Materials . . . . . December 31, 2008

Retention of Electronic Return Related Materials... . December 31, 2008

## **- FEDERAL/STATE ELECTRONIC FILING**

### **General Information**

1. Federal/State Electronic Filing is a cooperative one-stop income tax filing program which allows the filing of federal and state income tax returns electronically. The benefits of one-stop filing provide a win-win situation for all participants, for example:
  - a. The primary benefit to taxpayers using Federal/State Electronic Filing is the quick and accurate processing of federal and state returns, return acknowledgments at both federal and state level, federal direct deposits, and the file-now and pay by April 15 option available for balance due filers.
  - b. Electronic Filers can offer taxpayers a new service. The ease of one-stop electronic filing, encourages increased participation from the taxpayers.
  - c. States benefit from the increased data accuracy and the processing efficiencies of electronic filing.
  - d. The IRS through Federal/State Electronic Filing promotes wider acceptance and use of Electronic Filing as the normal way of doing business throughout the country.

### **Free File**

Free file is online tax preparation and electronic filing through a partnership agreement between the IRS and the Free File Alliance, LLC." Seven of these companies are also offering free RI filing. The Free File Web page lists the Free File Alliance members and their free services [www.irs.gov/app/freeFile/welcome.jsp](http://www.irs.gov/app/freeFile/welcome.jsp)

### **EXCLUSIONS FROM ELECTRONIC FILING**

The following are excluded from the RI electronic filing program.

- Extension
- Debit Accounts
- Any return excluded by IRS publication 1345

## **- ACCEPTANCE IN THE ELECTRONIC FILING PROGRAM**

### **- General Information**

1. To participate in the 2008 Electronic Filing Program, you must submit Form 8633, Application to Participate in the Electronic Filing Program to the IRS.  
Submit your application to the Andover Service Center as shown on Form 8633.
2. Once you have been accepted by the IRS, Rhode Island will download the federal database, And run an internal suitability check. **No separate application is required for RI.**
3. The copy of the IRS form 8633 and the IRS acceptance letter can be fax to 401-574-8913.

### **Once You Have Been Accepted As An Electronic Filer**

1. Accepted Electronic Filers can begin transmitting "live" returns on January 22, 2008.

## **RI ELECTRONIC FILING PROGRAM**

### **Where to Transmit Federal/State Returns**

1. All Federal/State Returns must be transmitted to the Andover Electronic Filing Service Center  
Rhode Island will not accept returns transmitted directly to the Division of Taxation.

## Testing RI

1. For state returns, RI will test software developers using a state provided test package.
2. RI will allow concurrent testing allowing software developers to begin state testing prior to obtaining acceptance from IRS for completing the federal participants acceptance process. The rules for “concurrent state testing” are as follows:
  - a. State testing can begin after the software developer has 15 federal returns accepted with no error “reject codes” at their primary service center.
  - b. Software developers must schedule testing with the state coordinator and create the state required test scenarios.
  - c. The state coordinator will schedule testing for software developers with the IRS service center.
  - d. The state coordinator will respond to any problems encountered by the software developer on state returns during the state Participants Acceptance Testing.
4. The IRS will perform limited testing on the state generic and unformatted records. If these records are not rejected through the automatic checks in the IRS software, the IRS will make the state data available to RI for further testing.
5. The IRS will not perform a comparison run to look at specific state data. RI will test the state data and provide feedback to electronic filers..
6. RI will not allow testing after 1/22/08.

## ***-RI ACKNOWLEDGMENT/REJECT RESOLUTION PROCEDURES***

RI acknowledgement informs transmitters the RI return data has been retrieved and is being processed by RI Division of Taxation. This year, the RI acknowledgments will be transmitted through the IRS acknowledgment system. Both the federal and state returns must acknowledge. **Do not** assume an acknowledgment from the IRS means that the RI Division of Taxation received RI return.

RI Division of Taxation acknowledges receipt of the RI data packet from the IRS through the ACKS acknowledgment system. Acknowledgments are posted daily upon return retrieval from the IRS.

A RI acknowledgment indicates the return has been received and will be processed.

A RI indicator on the federal acknowledgment only indicates a State of Rhode Island return was attached to the federal return. It is **not** a RI acknowledgment for the state return.

### ***Please Note:***

The RI Acknowledgment system is designed to inform transmitters that the state return data has been retrieved and is being processed by the RI Division of Taxation. The RI Acknowledgment System is separate from the Federal Acknowledgment System.

- . RI's help desk can be reached at (401) 574-8805
- . Electronic return files transmitted and accepted will normally be acknowledged within two workdays of receipt, and the state packet will be available to the state for retrieval within twenty-four hours of IRS acknowledgment. RI acknowledgments should be available within two business days after IRS acknowledgment
- . Once the RI State packet has been accepted by the IRS for state retrieval, filers will need to contact RI to resolve taxpayer problems.

Taxpayer inquiries on refund delays for RI returns should be directed to the Taxpayer Assistance section (401) 574-8TAX

## **- What Can Be Found In The Acknowledgment (ACK) File**

1. Though the Acknowledgment (ACK) file format may vary between software companies, they must all contain particular information which permit the user to determine which returns have been Accepted or Rejected.
2. The ACK file will specifically show the status of each return in the file under the Acceptance Code Field, using one of the following codes:

“A” = Accepted return;

“R” = Rejected return (This means the return has not been filed);

3. Error codes for RI will be as follows:

900 Return already filed (duplicate primary SSN)

## **REFUND DELAYS**

### **- General Information**

1. The following conditions may delay refunds and/or change refund amounts.
  - a. taxpayer owes back taxes, either individual or business (refund offset);
  - b. taxpayer owes delinquent child support (refund offset);
  - c. taxpayer has a delinquent debt, such as student loans, etc. (refund offset);
2. The Estimated Tax Payments reported on the return do not match the Estimated Tax Payments recorded on the RI Master File.

## **Non Receipt Of Refunds**

1. A refund can be expected to be issued within 4 weeks from the date an electronic return is accepted by the State of RI. Two weeks is the average turnaround
2. Certain account information, including the status of a refund, will be available while an electronic return is being processed by calling the Taxpayer Assistance Section of the RI Division of Taxation at (401) 574-8TAX.

## **DIRECT DEPOSIT**

### **DIRECT DEPOSIT IS AVAILABLE TO ELECTRONIC FILERS ONLY**

- Taxpayer's who file electronically and select direct deposit can have the refund deposited directly into bank account of any U. S. Depository Institution.
- Tell us whether you want your refund automatically deposited, by checking the box on Part II of the Declaration of Taxpayer.
- Make sure your Financial Institution will accept direct deposit.
- ERO should have acceptable proof of account ownership (ie; a check, or other statement generated by the financial institution that has the taxpayer's name and account number preprinted on it).
- Taxpayer needs bank Routing Transit Number (RTN). This is 9-digit number is a bank identification number and depositor account number (DAN).
- The depositor account number (DAN) can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. The Routing Transit Number (RTN) and the Depositor Account Number (DAN), should be located at the bottom left of your check. If there is any doubt about the RTN, the taxpayer

should contact the financial institution and ask for the correct RTN for direct deposit.

The Division of Taxation is not responsible when a financial institution refuses a direct deposit. If a refund cannot be directly deposited into an account, Division of Taxation will issue a refund check. Please allow 3-4 weeks at peak season for the replacement check to be issued.

## **General Information**

**Effective January 1, 2002 the State of Rhode Island will no longer require form RI 8453 to be submitted by a paid preparer.**

**- Effective January 1, 2003 the State of Rhode Island will no longer require form RI 8453 OL to be submitted. The form RI 8453OL must be retained with the W-2's.**

### **- Credit For Income Taxes Paid To Another State**

Rhode Island is accepting credit for income taxes paid to another state-Rhode Island Residents Only.

### **- Nonresident and Part-Year**

Rhode Island will be accepting Nonresident and Part-Year returns.

### **- Where To Mail**

RI Division of Taxation  
Attn.: ELF  
One Capitol Hill  
Providence RI 02908

## **- BALANCE DUE RETURNS**

### **- General Information**

1. The RI Division of Taxation will accept electronically filed balance due returns.
2. Electronic Filers must furnish Form 1040-V, Payment Voucher, to a taxpayer who electronically files a balance due return.
3. A balance due reminder notice will be generated to taxpayers who file electronically and owe the State of Rhode Island. It will contain a tear-off stub, which may be used as a payment voucher.
4. Electronic Return Originators (EROs) must tell taxpayers that payment of taxes due should be made no later than April 15, 2008. If taxpayers do not make full payment of income tax due on or before April 15, 2008, they will be sent a notice that is a request for payment. This notice will show tax due, plus interest and penalty for late payment. If a taxpayer receives this notice, but has proof of full payment of tax due on or before April 15, 2008 The notice can be disregarded.

### **- Installment Agreement Request**

1. Taxpayers who cannot pay the amount they owe in full by April 15, 2008, may wish to request an installment agreement. This can be done by completing Form RI-9465, Installment Agreement Request.

### **-Payment By Credit Card**

You may use your American Express Card, Discover Card, Visa Card or MasterCard. To pay by credit card, call toll free 1-800-272-9829 or access by Internet [www.officialpayments.com](http://www.officialpayments.com). After authorization of your payment, you will be issued a confirmation number to keep for your records. Official Payments Corp, charges the consumer a convenience fee

of 2.5% of the payment amount for this service. You may also use this method of making 2008 Rhode Island estimated income tax payments.

## STATE OF RHODE ISLAND

### FED/STATE ELECTRONIC FILING PROGRAM

**Contact:**

Susan M. Galvin  
Chief of Tax Processing Services  
(401) 574-8769  
(401) 574-8913 FAX  
E-Mail address [galvins@tax.ri.gov](mailto:galvins@tax.ri.gov)

Paola Laorenza  
Revenue Agent II  
401-574-8805  
401-574-8913 FAX  
E-mail: [milaorenza@tax.ri.gov](mailto:milaorenza@tax.ri.gov)

**Mailing Address:**

Division of Taxation  
Attn.: ELF  
One Capitol Hill  
Providence RI 029098-5800

**WEB site:**

<http://www.tax.state.ri.us>